

## RESTATEMENT OF THE NAIC UNIFORM INDIVIDUAL ACCIDENT AND SICKNESS POLICY PROVISION LAW IN SIMPLIFIED LANGUAGE

### PURPOSE:

This restatement of the required and most often used optional provisions of the Uniform Policy Provision Law in simplified language is intended as a guideline for the submission and approval of individual accident and sickness policies written in simplified language. Although it is intended specifically for use in those states that adopt the NAIC Model Life and Health Insurance Policy Language Simplification Act, its use as a guide for approval of policies voluntarily written in simplified language is encouraged.

The restated provisions are intended to most accurately reflect the original intent of the Uniform Policy Provision Law and to duplicate its substantive requirements. The rights and obligations of both the insured and insurer or any case law interpreting the uniform provisions are not intended to be affected. They are intended as a uniform “safe harbor” for companies relying upon them. The restatements are no less favorable to the insured or beneficiary and their use is sanctioned under the authority granted by Section 3A of the Uniform Policy Provision Law.

The drafting notes accompanying these restated provisions are in addition to those found in the model law.

Although the provisions are stated in the “insured and insurer” format, rather than the personal “we and you” so as to conform more closely to the style of the model, the use of the personal pronoun format or the substitution of other descriptive terms where appropriate is encouraged. Minor grammatical changes may result from the personal pronoun format.

### Section 3. Accident and Sickness Policy Provisions

#### A. Required Provisions.

- (1) Entire Contract; Changes: This policy [with the application and attached papers] is the entire contract between the Insured and the Company. No change in this policy will be effective until approved by a company officer. This approval must be noted on or attached to this policy. No agent may change this policy or waive any of its provisions.

**Note:** Bracketed material used when appropriate if application or other papers attached.

FLESCH SCORE without bracketed material—64.626

FLESCH SCORE with bracketed material—64.585

- (2) Time Limit on Certain Defenses:

- (a) Misstatements in the Application:

After three years from the issue date only fraudulent misstatements in the application may be used to void the policy or deny any claim for loss incurred or disability that starts after the three-year period.

**Drafting Note:** A policy which the insured has the right to continue in force subject to its terms by the timely payment of premium (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue, may contain in lieu of the foregoing the following provision.

#### Incontestable:

- (a) Misstatements in the Application:

After this policy has been in force for three years during the insured’s lifetime (excluding any period during which the insured is disabled), the company cannot contest the statements in the application.

(b) Preexisting Conditions:

No claim for loss incurred or disability that starts after three years from the issue date will be reduced or denied because a sickness or physical condition not excluded by name or specific description before the date of loss had existed before the effective date of coverage.

**Drafting Note:** The restated provision used the reference to loss incurred or disability that starts. If the policy provides coverage for hospital or medical benefits only or for disability benefits only, then one or the other may be inappropriate and companies are encouraged to delete the inappropriate phrase. The three-year period is based on the model, thus, in those states that have reduced the period to a lesser time; the lesser time period should be inserted. The captions "Misstatements in the Application" and "Preexisting Conditions" are an integral part of the provision and must be read in conjunction therewith. The restatement is not intended to have any affect upon or be a bar to any other defenses under the policy.

FLESCH SCORE - Paragraphs (a) and (b)  
With Required Provision—36.285  
With Optional Provision—36.913

- (3) Grace Period: This policy has a 31-day grace period. This means that if a renewal premium is not paid on or before the date it is due, it may be paid during the following 31 days. The grace period will not apply if, at least 30 days before the premium due date, the company has delivered or mailed to the insured's last address shown in the company's records written notice of the company's intent not to renew this policy. During the grace period, the policy will stay in force.

**Drafting Note:** The above is for those under which the insurer reserves the right to refuse renewal.

Grace Period: This policy has a 31-day grace period. This means that if a renewal premium is not paid on or before the date it is due, it may be paid during the following 31 days. During the grace period the policy will stay in force.

**Drafting Note:** The above is for those under which the insurer does not reserve the right to refuse renewal. Insert a number not less than "7" for weekly premium policies, "10" for monthly premium policies and "31" for all other policies.

FLESCH SCORE where insurer reserves right to refuse  
renewal—62.681

FLESCH SCORE where insurer does not reserve right to refuse  
renewal—67.531

- (4) Reinstatement: If the renewal premium is not paid before the grace period ends, the policy will lapse. Later acceptance of the premium by the company (or by an agent authorized to accept payment) without requiring an application for reinstatement will reinstate this policy.

If the company or its agent requires an application, the insured will be given a conditional receipt for the premium. If the application is approved, the policy will be reinstated as of the approval date. Lacking approval, the policy will be reinstated on the 45th day after the date of the conditional receipt unless the company has previously written the insured of its disapproval.

The reinstated policy will cover only loss that results from an injury sustained after the date of reinstatement or sickness that starts more than 10 days after that date. In all other respects the rights of the insured and the company will remain the same, subject to any provisions noted on or attached to the reinstated policy.

Any premiums the company accepts for a reinstatement will be applied to a period for which premiums have not been paid. No premiums will be applied to any period more than 60 days before the reinstatement date.

**Drafting Note:** The last paragraph of the above provision may be omitted from any policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue.

FLESCH SCORE—42.421

- (5) Notice of Claim: Written notice of claim must be given within 20 days after a covered loss starts or as soon as reasonably possible. The notice can be given to the company at its home office, or to the company's agent. Notice should include the name of the Insured and the policy number.

FLESCH SCORE—68.536

[Optional Paragraph:] If the insured has a disability for which benefits may be payable for at least two years, at least once every six months after the insured has given notice of claim, the insured must give the company notice that the disability has continued. The insured need not do this if legally incapacitated. The first six months after any filing of proof by the insured or any payment or denial of a claim by the company will not be counted in applying this provision.

If the insured delays in giving this notice, the insured's right to any benefits for the six months before the date when the Insured gives notice will not be impaired.

FLESCH SCORE—65.644

- (6) Claim Forms: When the company receives the notice of claim, it will send the claimant forms for filing proof of loss. If these forms are not given to the claimant within 15 days, the claimant will meet the proof of loss requirements by giving the company a written statement of the nature and extent of the loss within the time limit stated in the proofs of loss section.

FLESCH SCORE—62.007

- (7) Proofs of Loss: If the policy provides for periodic payment for a continuing loss, written proof of loss must be given the company within 90 days after the end of each period for which the company is liable. For any other loss, written proof must be given within 90 days after the loss. If it was not reasonably possible to give written proof in the time required, the company shall not reduce or deny the claim for this reason if the proof is filed as soon as reasonably possible. In any event, the proof required must be given no later than one year from the time specified unless the claimant was legally incapacitated.

FLESCH SCORE—49.846

- (8) Time of Payment of Claims: After receiving written proof of loss, the company will pay [monthly] all benefits then due for \_\_\_\_\_. Benefits for any other loss covered by this policy will be paid as soon as the company receives proper written proof.

**Drafting Note:** Delete or change "monthly" to reflect, if necessary, the period stated in the policy and insert applicable term for type of benefits.

FLESCH SCORE—66.403

- (9) Payment of Claims: Benefits will be paid to the insured. Loss of life benefits are payable in accordance with the beneficiary designation in effect at the time of payment. If none is then in effect, the benefits will be paid to the insured's estate. Any other benefits unpaid at death may be paid, at the company's option, either to the insured's beneficiary or estate.

FLESCH SCORE—60.278

[Optional Paragraph:] If benefits are payable to the insured's estate or a beneficiary who cannot execute a valid release, the company can pay benefits up to \$1,000 to someone related to the insured or beneficiary by blood or marriage whom the company considers to be entitled to the benefits. The company will be discharged to the extent of any such payment made in good faith.

FLESCH SCORE—40.290

[Optional Paragraph:] The company may pay all or a portion of any indemnities provided for health care services to the provider, unless the insured directs otherwise in writing by the time proofs of loss are filed. The company cannot require that the services be rendered by a particular provider.

FLESCH SCORE—51.853

- (10) Physical Examinations & Autopsy: The company, at its expense, has the right to have the insured examined as often as reasonably necessary while a claim is pending. It may also have an autopsy made unless prohibited by law.

**Drafting Note:** If no right to an autopsy is desired or is not appropriate for the type of coverage, the second sentence of the provision and the caption reference to autopsy should be deleted.

FLESCH SCORE with the right of autopsy—42.173

FLESCH SCORE without the right of autopsy—67.333

- (11) Legal Actions: No legal action may be brought to recover on this policy within 60 days after written proof of loss has been given as required by this policy. No action may be brought after three years from the time written proof of loss is required to be given.

FLESCH SCORE—60.863

- (12) Change of Beneficiary: The insured can change the beneficiary at any time by giving the company written notice. The beneficiary's consent is not required for this or any other change in the policy, unless the designation of the beneficiary is irrevocable.

FLESCH SCORE—38.166

B. Other Provisions.

- (2) Misstatements of Age: If the insured's age has been misstated, the benefits will be those the premium paid would have purchased at the correct age.

FLESCH SCORE—68.692

- (3) Other Insurance In This Insurer: If the insured has more than one policy, only one policy chosen by the insured will be effective. The company will refund all premiums paid for all the other policies.

**Drafting Note:** Insert designation for limitation, i.e., form type.

FLESCH SCORE—64.626

Optional Paragraph: If the insured has more than one policy with this company providing a total indemnity for [ ] of more than [\$ ] the excess insurance shall be void. The premiums paid for the excess shall be returned to the insured.

**Drafting Note:** Insert type of coverage or coverages and insert maximum limit of indemnity or indemnities.

FLESCH SCORE—67.672

- (7) Unpaid Premiums: When a claim is paid, any premium due and unpaid may be deducted from the claim payment

FLESCH SCORE—70.145

- (8) **Conformity with State Statutes:** Any provision of this policy which, on its effective date, is in conflict with the laws of the state in which the insured resides on that date is amended to conform to the minimum requirements of these laws.

FLESCH SCORE—45.849

- (9) **Illegal Occupation:** The company will not be liable for any loss that results from the insured committing or attempting to commit a felony or from the insured engaging in an illegal occupation.

FLESCH SCORE—38.487

- (10) **Intoxicants and Narcotics:** The company will not be liable for a loss resulting from the insured being drunk or under the influence of any narcotic unless taken on the advice of a physician.

**Drafting Note:** Appropriate language reflecting an applicable statutory definition of drunk or intoxicated may be substituted.

FLESCH SCORE—48.494

**Drafting Note:** The provisions were graded under the terms and conditions of the NAIC Model Life and Health Insurance Policy Language Simplification Act. As such, captions are not scored and it is assumed that the words “insured,” “insurer” and “disability” are defined in the policy.

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*Chronological Summary of Action (all references are to the Proceedings of the NAIC)*

*1979 Proc. 144, 47, 372, 374, 375-379 (adopted).*